

Message Text

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PAGE 01 LILONG 01226 01 OF 02 041513Z
ACTION SP-02

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LIMITED OFFICIAL USE SECTION 1 OF 2 LILONGWE 1226

STADIS////////////////////////////////////

S/P FOR LAKE

AF FOR MOOSE

E.O. 11652: N/A
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SUBJECT: FOREIGN ECONOMIC POLICY TOWARD AFRICA

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1. SUMMARY: ASSISTANCE FOR BASIC HUMAN NEEDS (BHN) SHOULD
REMAIN UPPERMOST IN OUR AID PLANNING. WHAT IS NEEDED,
PERHAPS, IS GREATER FLEXIBILITY, AS POINTED OUT IN
REFTEL, TO PROVIDE FOR EFFECTIVE BUT NOT EXCESSIVE
INFRASTRUCTURE NEEDS. ENCOURAGEMENT OF TYING DEVELOPMENT
ASSISTANCE, WHETHER US BILATERAL OR MULTILATERAL,
TO PRIVATE INVESTMENT SHOULD ALSO BE A MAJOR OBJECTIVE,
BUT THAT IDEA MAY NOT BE PRACTICABLE GIVEN THE NON-
CAPITALISTIC TENDENCIES OF MANY AFRICAN COUNTRIES. END
SUMMARY.

2. MALAWI SERVES AS A GOOD EXAMPLE OF DEVELOPMENT
PLANNING. FIRST OF ALL, PRESIDENT BANDA'S OBJECTIVES
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PAGE 02 LILONG 01226 01 OF 02 041513Z

FROM THE TIME OF INDEPENDENCE HAVE BEEN:
(A) TO STRENGTHEN THE AGRICULTURAL SECTOR AND
MAKE MALAWI SELF-SUFFICIENT IN FOODSTUFFS;
(B) TO AVOID URBAN GROWTH; AND
(C) TO MAKE MALAWIANS BETTER CLOTHED AND BETTER
HOUSED. SECOND, MALAWI HAS THE ADVANTAGE OF BEING A
GEOGRAPHICALLY SMALL, GENERALLY ARABLE COUNTRY WITH

MORE THAN ADEQUATE HYDROELECTRIC POWER RESOURCES.
THIRD, MALAWI RECOGNIZED ITS MANPOWER CONSTRAINTS AT AN
EARLY STAGE AND HAS WORKED OUT WELL-PLANNED TRAINING
PROGRAMS (WITH ASSISTANCE OF NUMEROUS EXTERNAL DONORS),
THE FRUITS OF WHICH ARE JUST NOW BEING ENJOYED IN LARGE
MEASURE HERE. FOURTH, MALAWI'S EXPORT EARNINGS HAVE
PROVIDED ECONOMIC STABILITY AND A SUITABLE LEVEL OF
GROWTH.

3. MALAWI'S ATTENTION TO BHN, WITH SOME INADEQUACIES
IN HEALTH AND PRIMARY EDUCATION NOW BEING OVERCOME,
WAS BASED ON THE PREMISE THAT A COUNTRY WHICH HAS
MODEST RESOURCES (THERE ARE NO MINERAL RESOURCES IN MALAWI)
SHOULD KEEP ITS SIGHTS REASONABLY LOW AND AVOID GREATER
EXPECTATIONS ON THE PART OF THE POPULACE. THIS THEORY
IS PROBABLY WORKABLE IN MANY PLACES. ENCOURAGEMENT
(WITH OUTSIDE ASSISTANCE) OF SMALL PRIVATE ENTERPRISE
PROVIDES AN OUTLET FOR THE MORE AMBITIOUS CITIZENS
BUT IN NON-CAPITALISTIC COUNTRIES A SUBSTITUTE SHOULD
BE DEVELOPED TO ACCOMMODATE THOSE ASPIRATIONS IN ORDER
TO HELP AVOID CORRUPTIVE PRACTICES AND PROVIDE ADEQUATE
INCENTIVES.

4. MAKING A COUNTRY SELF-SUFFICIENT IN FOODSTUFFS, OR
PROVIDING IT WITH THE ABILITY TO PURCHASE THOSE FOOD-
STUFFS IT CANNOT PRODUCE, SHOULD HAVE HIGHEST PRIORITY.
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PAGE 03 LILONG 01226 01 OF 02 041513Z

RURAL POPULATIONS SHOULD BE PROVIDED WITH THE MEANS AND
THE INCENTIVES TO PROVIDE THEIR OWN SUBSISTENCE AND
PRODUCE SURPLUSES TO PROVIDE FOR THOSE WHO CANNOT.
INFRASTRUCTURE WILL BE IMPORTANT WHERE IRRIGATION IS
NEEDED. (IN MALAWI, THERE IS VIRTUALLY NO IRRIGATION
NEEDED AT PRESENT, BUT UNLESS THE COUNTRY ADOPTS A FAMILY
PLANNING PROGRAM IN THE NEXT 10 YEARS, IRRIGATION
PROJECTS WILL BE REQUIRED IN ORDER TO KEEP UP WITH THE 2.6 PERCENT
BIRTH RATE.)

5. RE COMMODITY DEVELOPMENT ASSISTANCE, AND ASIDE FROM
SELF-SUFFICIENCY IN FOOD, EFFORTS TO PROVIDE PRICE
STABILITY OF BOTH SUBSISTENCE FOODS AS WELL AS EXPORT
EARNERS SHOULD BE AN ESSENTIAL OBJECTIVE. DIVERSIFICATION
IS A GOOD OBJECTIVE BUT MAY BE UNREALISTIC IN SOME
COUNTRIES BECAUSE OF THE NATURE OF THE TERRAIN; NEVERTHELESS,
WHERE PRACTIBLE, DIVERSIFICATION SHOULD BE
LINKED TO A MORE VARIED DIET WHICH IS ESSENTIAL TO
ELIMINATION OF THE DISEASES AND MALNUTRITION WIDE-
SPREAD IN AFRICA.

6. MALAWI'S ROAD NETWORK IS RAPIDLY DEVELOPING; ALL

MAJOR ROADS WILL PROBABLY BE HARD-SURFACED IN ANOTHER 8-10 YEARS. OF COURSE, THIS IS EASY TO DO IN A GEOGRAPHICALLY SMALL COUNTRY, BUT MALAWI HAS WORKED ON THE PREMISE THAT ITS ECONOMIC WELL-BEING DEPENDS ON ACCESS FROM FARMS TO MARKETS TO CITIES TO PORTS (IN MOZAMBIQUE). MALAWI HAS BEGUN TO STRESS RURAL ROADS IN ITS DEVELOPMENT PLANNING, LEANING ON DONORS TO INCLUDE ROAD PROJECTS AS INTEGRAL PARTS OF RURAL DEVELOPMENT PROJECTS. THIS WAS EMPHASIZED IN THE GOM HIGHWAY SYMPOSIUM HELD IN JUNE WHICH PROVIDED A CLEAR PICTURE OF MALAWI'S THOUGHTFUL APPROACH TO TRANSPORT PROBLEMS AND ITS LINKAGE TO RURAL DEVELOPMENT; AT SAME TIME, THE SYMPOSIUM WAS USEFUL FOR OBTAINING CONSTRUCTIVE CRITICISM OF PAST AND CURRENT ROAD PLANNING AND FOR LIMITED OFFICIAL USE

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PAGE 04 LILONG 01226 01 OF 02 041513Z

APPROACHING PROSPECTIVE DONORS FOR FURTHER ASSISTANCE. (IDA, BRITISH, EEC AND FRG ARE CURRENTLY MALAWI'S ROAD BUILDERS. USAID FUNDS NOT REALLY NEEDED FOR MAJOR ROADS.)

7. REGIONAL COOPERATION IS AN ESSENTIAL ELEMENT OF SUCCESSFUL DEVELOPMENT PLANNING AND, PER REFTTEL, TRANSPORT, HEALTH (INCLUDING ANIMAL DISEASE CONTROL) AND POWER RESOURCES STAND OUT. SUCH COOPERATION IS PROBABLY DIFFICULT IN MANY PARTS OF AFRICA FOR POLITICAL REASONS AND MALAWI IS NOT PARTICULARLY

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PAGE 01 LILONG 01226 02 OF 02 041533Z
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LIMITED OFFICIAL USE SECTION 2 OF 2 LILONGWE 1226

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KEEN ON TOO MUCH REGIONAL INVOLVEMENT. HOWEVER, RECENT SADAP TEAM VISITS HAVE BENEFITED U.S. OBJECTIVES BY POINTING OUT TO MALAWIAN OFFICIALS HOW EXPANDED REGIONAL COOPERATION CAN BE UNDERTAKEN WITH MINIMUM AMOUNT OF POLITICAL INVOLVEMENT. (MALAWI'S RELATIONS WITH ITS THREE NEIGHBORS COULD BE BETTER BUT AT LEAST THERE IS NO HOSTILITY). MALAWI DEPENDS ON MOZAMBIQUE PORTS FOR OVER 90 PERCENT OF ITS IMPORTS AND MALAWI WOULD HAVE LITTLE PROBLEM WITH PARTICIPATING IN A REGIONAL PROGRAM OF TECHNICAL ASSISTANCE TO THOSE PORTS IN ORDER TO IMPROVE PORT HANDLING AND CLEANING UP THE BACKLOG. SIMILARLY, HEALTH AND ANIMAL DISEASE PROBLEMS HANDLED ON A REGIONAL BASIS WOULD MEET WITH MOST COUNTRIES' APPROVAL; EVEN COUNTRIES LIKE MALAWI WOULD FIND IT HARD TO LIMIT ITS OWN BENEFITS BY BEING UNCOOPERATIVE IN THIS SECTOR. HYDROELECTRIC POWER APPEARS TO BE MORE THAN ADEQUATE THROUGHOUT THIS REGION BUT IT IS NOT YET ECONOMICALLY FEASIBLE TO EXTEND GRIDS TO THE MORE OUTLYING, SPARSELY POPULATED AREAS. THERE IS ROOM FOR US ASSISTANCE IN ALL THOSE SECTORS.

8. CONCLUSIONS: THERE IS NOTHING WRONG WITH THE US AVOIDING LARGE INFRASTRUCTURE PROJECTS SINCE THERE APPEAR LIMITED OFFICIAL USE

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PAGE 02 LILONG 01226 02 OF 02 041533Z

TO BE A GROWING NUMBER OF DONORS WHO ARE WILLING TO UNDERTAKE THEM. THEREFORE, AND DESPITE OUR OWN CONSTRAINTS, WE SHOULD CONTINUE TO CONCENTRATE OUR EFFORTS ON TRAINING AND, TO A LESSER DEGREE, TECHNICAL ASSISTANCE. AFRICAN COUNTRIES, GENERALLY SPEAKING, ARE APPROACHING THE POINT WHERE INTENSIVE TRAINING PROGRAMS EITHER IN-COUNTRY OR ELSEWHERE (SUCH AS SAMDP IN SWAZILAND) WILL OBTAIN VASTLY ENHANCED RESULTS THAN WOULD HAVE BEEN THE CASE 10 OR EVEN 5 YEARS AGO. THE GOM, FOR EXAMPLE, CAREFULLY SCRUTINIZES ANNOUNCEMENTS OF AID-FUNDED AND OTHER TRAINING OPPORTUNITIES IN THE US AND SELECTIVELY TAKES ADVANTAGE OF THEM. IN ADDITION, AID FUNDED A SIX-WEEK TRAINING OF TRAINERS IN MANAGEMENT SEMINAR EARLIER THIS YEAR WHICH WAS HIGHLY SUCCESSFUL; THE 23 MIDDLE AND SENIOR LEVEL MALAWIAN CIVIL SERVANTS WHO ATTENDED WERE OF HIGH CALIBER AND RESPONDED ENTHUSIASTICALLY, AND ARE REPORTED TO BE ACTIVELY USING THEIR ACQUIRED KNOWLEDGE. MORE IN-COUNTRY TRAINING PROGRAMS, ESPECIALLY IN AGRICULTURE, HEALTH, MANAGEMENT, ETC. WOULD HELP TO CLOSE THE MOST PROMINENT GAP (ASIDE FROM FINANCING) IN AFRICAN DEVELOPMENT PLANNING AND WOULD BE ONE OF THE MOST COST-EFFECTIVE PROJECTS POSSIBLE.

SHEINBAUM

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